



NEWS RELEASE

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Administration Makes \$1.4 Billion More Available For Small Business Lending

WASHINGTON – The U.S. Small Business Administration today announced that \$1.4 billion in additional loan authority will be made available for small business lending for fiscal year 2003. As a result, lending authority in the agency's primary business loan program, 7(a), will increase to almost \$11.0 billion.

"Hundreds of small business owners and entrepreneurs looking to start a business will benefit from this new loan authority," said SBA Administrator Hector V. Barreto. "The SBA is already underwriting a record number of loans in this, its 50th year, and this new loan authority will add to our capacity to help small businesses."

The new loan authority will be made available by applying a new 7(a) econometric subsidy model to the STAR program for FY 2003. The STAR, or Supplemental Terrorist Activity Relief, program, was established to assist small businesses affected by the terrorist attacks of Sept. 11, 2001, and was in effect through January 11, 2003. From October 1, 2002 through January 11, 2003, \$1.663 billion in STAR loans were made.

By applying the new model to the STAR program, the estimated cost of the program declines dramatically. This frees up \$12.3 million that will now be transferred to the 7(a) program to make loans to small businesses. Since January, some loans approved through the STAR program have been cancelled, allowing the SBA to transfer about \$2.8 million in additional funds to the 7(a) program. Together, these transfers support approximately \$1.449 billion in additional 7(a) loans.

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